

**MINUTES
of the
SECOND MEETING
of the
INVESTMENTS AND PENSIONS OVERSIGHT COMMITTEE**

**July 26, 2023
State Capitol, Room 322
Santa Fe**

The second meeting of the Investments and Pensions Oversight Committee for the 2023 interim was called to order by Senator Roberto "Bobby" J. Gonzales, chair, on Wednesday, July 26, 2023, at 10:18 a.m. in Room 322 of the State Capitol in Santa Fe.

Present

Sen. Roberto "Bobby" J. Gonzales, Chair
Rep. Patricia Roybal Caballero, Vice Chair
Rep. Cynthia Borrego
Rep. Natalie Figueroa
Sen. Stuart Ingle
Sen. Daniel A. Ivey-Soto
Rep. Alan T. Martinez
Rep. William "Bill" R. Rehm
Sen. Antoinette Sedillo Lopez
Rep. Linda Serrato
Sen. Elizabeth "Liz" Stefanics

Absent

Rep. Ambrose Castellano
Sen. Joshua A. Sanchez

Advisory Members

Rep. Eliseo Lee Alcon
Sen. Shannon D. Pinto
Rep. Debra M. Sariñana

Sen. William F. Burt
Sen. Michael Padilla

Staff

Cristina Vasquez, Staff Attorney, Legislative Council Service (LCS)
Carrie McGovern, Researcher, LCS
Catherine Sayler, Staff, LCS

Guests

The guest list is in the meeting file.

Handouts

Copies of all handouts and written testimony are in the meeting file and posted on the legislature's website.

References to Webcast

The time reference noted next to each agenda item in this document is cross-referenced to the webcast of the committee meeting, which can be found at www.nmlegis.gov, under the "Webcast" tab. The presentations made and committee discussions for agenda items can be found on the recorded webcast for this meeting.

Wednesday, July 26

Educational Retirement Board (ERB): Sustainability and Solvency (10:19 a.m.)

David Archuleta, executive director, ERB, provided a review of measures the ERB has taken to improve the solvency of the Educational Retirement Fund, including a cost-of-living adjustment that went into effect on July 1, 2023 and a 2022 employer contribution increase of two percentage points to 18.15%. As of March 31, 2023, the fund had slightly negative returns, but there are no immediate solvency concerns due to modifications made over the last 10 years. The presentation can be found here:

<https://www.nmlegis.gov/handouts/IPOC%20072623%20Item%202%20ERB%20-Sustainability%20and%20Solvency.pdf>.

Approval of Minutes (10:58 a.m.)

On a motion made and seconded, and without opposition, the minutes of the June 2, 2023 meeting were approved as submitted.

Retiree Health Care Authority (RHCA): Sustainability and Solvency (11:04 a.m.)

Neil Kueffer, executive director, RHCA, gave a presentation on the sustainability of the RHCA, which currently has 67,000 members on plans and 92,484 active employees contributing for future retirement benefits. In 2022, the RHCA's funded ratio was just 33%, and Mr. Kueffer noted that if no changes are made, the RHCA will be in deficit spending in 2028. He further stated that there have been eight unsuccessful attempts at raising employer and employee contribution rates, which were last increased in 2012. The presentation can be found here:

<https://www.nmlegis.gov/handouts/IPOC%20072623%20Item%201%20RHCA%20-Sustainability%20and%20Solvency.pdf>.

Public Employees Retirement Association (PERA): Sustainability and Solvency (1:39 p.m.)

Greg Trujillo, executive director, PERA, reported that pension reforms enacted in 2013 and 2020 have helped ensure the sustainability of the PERA. As of June 30, 2023, the funded ratio of the pension fund was 70%, and while the unfunded actuarial accrued liability grew by \$6 billion from 2008 through 2012, it has grown by \$1 billion since, proving that the pension reforms are working. The presentation can be found here:

<https://www.nmlegis.gov/handouts/IPOC%20072623%20Item%203%20PERA%20-Sustainability%20and%20Solvency.pdf>.

Update from the State Investment Council (SIC) (2:44 p.m.)

Steve Moise, state investment officer, SIC, and Robert "Vince" Smith, chief investment officer, SIC, provided an update on the SIC. Highlights include growth in the Land Grant Permanent Fund (LGPF), the Severance Tax Permanent Fund (STPF) and the Early Childhood Education and Care Fund (ECECF), which as of June 30, 2023 were valued at \$28.01 billion, \$8.37 billion and \$3.57 billion, respectively. The SIC has \$44.57 billion in total assets under management and \$1.78 billion in total distributions for fiscal year 2024. Mr. Moise announced that he is retiring on October 1, 2023, and a national search for a new state investment officer is ongoing. The presentation can be found here:

<https://www.nmlegis.gov/handouts/IPOC%20072623%20Item%204%20Update%20from%20the%20SIC%20.pdf>.

Overview of Funds Managed by the SIC (3:42 p.m.)

Dawn Iglesias, investment strategist, SIC, and Charles Wollmann, director of communications, legislative and client matters, SIC, gave a summary of the funds managed by the SIC. In addition to the LGPF, the STPF and the ECECF, the SIC also manages the Tobacco Settlement Permanent Fund, the Water Trust Fund, the Tax Stabilization Reserve, the Rural Libraries Endowment Fund and two new funds created in the 2023 legislative session: the Conservation Legacy Permanent Fund and the Opioid Settlement Restricted Fund. The presentation can be found here:

<https://www.nmlegis.gov/handouts/IPOC%20072623%20Item%204%20Overview%20of%20SIC%20funds.pdf>.

Public Comment

There was no public comment.

Adjournment

There being no further business before the committee, the meeting adjourned at 4:45 p.m.